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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2120

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Frankfurt/Main FRANKFURTER RUNDSCHAU in German 3 Mar 81 p 9

[Article by Hermann Schmidtendorf: "Slow Progress on Bruenn Project--Limitations Set on Capacities--Suspicion of Two Serious Accidents"]

[Text] The Czech youth newspaper MLADA FRONTA struck an optimistic note. "The workers of the Dukovany nuclear power plant are starting the first year of the Seventh Five-Year Plan with the firm determination to fulfill completely and without delays the 1981 National Plan." That is what the paper wrote recently. Since 1974 construction has been in progress at this nuclear power plant located a few kilometers from the Southern Moravian metropolis of Brno (Bruenn). This plant, however, for which four reactors of 440 megawatts each are planned, is one of the problem children of Czechoslovak energy planners.

In spite of the fact that about 4,000 full-time workers are working on this project, there is still a lack of personnel. Because of supply and transport deficiencies only 82 percent of the construction quota planned for 1979 was met. In the middle of last year, the Czech National Council's Committee of Industry and Construction sent a delegation to this site. The press appealed to the "initiative of the construction workers" and on the "advantages of socialist competition," and there were reports that there is about an 11-month backlog of work.

Czechoslovakia has paid attention to nuclear energy since the beginning of the seventies as if this policy were a foregone conclusion, the advantages and risks of this form of energy have had so little public discussion. Recently the economic newspaper HOSPODARSKE NOVINY proudly assigned to nuclear energy the "key role" for the future of the Warsaw Pact countries. And during the November meeting of the International Atomic Commission (IAEA), the representative of Czechoslovakia, Kucera, emphasized that nuclear energy represents at least within the near future the only real and comprehensively economical energy alternative." The background for this statement is the fact that the CSSR, where as recently as 5 years ago 90 percent of the electricity was produced by coal, had to import electricity as early as 1960. Presently, nearly 20 percent of the Czech national income is spent on energy. Still, the CSSR has considerable uranium deposits near Jochimov.

In 1970 therefore, the Soviet Union, within the framework of mutual economic cooperation, began shipment of two atomic reactors of the prototype Novovoronesh. They completed the Jaslovske Bohunice Power Plant, located near the health resort of Piestany, which had begun with an experimental heavy-water reactor of 110 megawatts. Two additional 440-mw reactors are to be added to this reactor, which has been in operation since 1974. Another nuclear power plant site, besides Dukovany in Southern Bohemia, is the village of Mochovce in Southern Slovakia. Until all nuclear power plants are in operation, Czech planners are trying to fill potential energy shortages with energy saving measures. By 1990, 9,000 to 10,000 megawatts are expected to cover about 40 percent of the energy demands.

How strongly the decision to rely on nuclear energy influences the economic potential of Czechoslovakia and changes its dependence on conventional machine construction is illustrated by developments in the Gottwald Machine Construction and Iron Works in Vitkovice. In 1975 the government decided to start five new work projects in Vitkovice, the largest of which was completed in the last weeks of December of the past year. Some 80 percent of Czech supplies for series production of the atomic reactors VVER 440 and VVER 1,000 are to be produced at Vitkovice.

But even in this Vitkovice project, the largest investment in Czech machine construction since 1945, there were problems. During his visit in May of the year before last, the then Soviet Prime Minister Aleksey Kossygin explained to his Prague comrades that there are "unsolved questions" in CEMA and a "lag in preparations for joint actions." This statement referred also to export commitments of the Vitkovice plant. The result was that members of youth brigades had to work up to three special shifts each month. An additional 12 special shifts, beside those contained in the plan, were needed to keep supply commitment dates for the Soviet Union--these special shifts were euphemistically described as "work initiatives of Moravian youths" in honor of the 16th CPSU which will be held this May. The dependence of Czech energy planners on Soviet standards, for instance in the area of safety, has become clear in the already operational nuclear power plant at Jasloveske Bohunice. Official statistics for 1979 pointed out that actual energy production was under half of its technical capacity--an indication that power cutoffs and production reductions were necessary. Scientists from Czech opposition circles reported in a document of the human rights movement Charter 77 about the disappearance of construction drawings in the plant so that "it had to be ascertained through knocking on pipes which pipes lead where." The document also states that there have been at least two serious accidents in the nuclear power plant: on 1 May 1976 and on 24 February 1977. On these occasions, radioactive gases escaped into the atmosphere and two workers suffocated from these gases. The second accident was caused by carelessness and mistakes made in loading a combustion unit.

8889
CSO: 2300

PRODUCTION PROBLEMS NOTED--GOOD EXAMPLE PROVIDED

Bratislava PRAVDA in Slovak 4 Feb 81 p 3

[Article by Frantisek Zdobina]

> [Text] Managers always manage to strike a deal when dealing among themselves, but Milan Hospodka, manager of the Naradi Instruments factory in Ceska Lipa, felt like doing a hundred things except the one he was faced with. Dealing as an equal partner is one thing, but it is quite another thing when you find yourself in the role of a supplicant who has nothing to offer and must rely only on good will.
>
> When he could not put off making the calls any more, Hospodka locked himself in his office (why should others hear him talk with managers of all key plants and factories in Ceska Lipa and vicinity) and got busy on his phone. And begging them not to "entice away" people who might be considering leaving the Naradi factory.
>
> The managers wanted to know what happened...Hospodka gave his answers and as he talked he diplomatically intimated that similar woes as those faced by Naradi could afflict other plants and that managers ought to take the same approach.

All promised that in a case of conflict they would stay neutral. When Hospodka met some of them later, they were pointing out to him that his approach was romantic tilting at windmills "and in this case he jumped the gun." Such matters ought to be dealt with only after they become part of the daily agenda.

Under other circumstances, Hospokda would have been willing to defend his thesis of long standing--that when a problem becomes part of the daily agenda, it is usually too late; this time, however, he did not care so much about winning a debate as he cared for people whom he did not want to lose.

The Naradi factory in Ceska Lipa employs more than 1,000 workers and technicians, most of them highly qualified. If any one of them were to knock on the doors of another factory, he would be welcomed with open arms, because anyone who comes from Naradi is used to providing precision and quality. Their toolmakers and designers are particularly renowned. Electrotechnical instruments that first see the light of day on their drawing boards and then undergo laboratory testing have established a renown of their own far beyond the borders of the CSSR?

Then manager Milan Hospodka and the chairman of the plant's party committee, Josef Stepan, made their way to the party's district committee in Ceska Lipa and announced that the CPCZ District Committee can expect to receive complaints warning of a deteriorated political situation and a threat of conflicts at Naradi...The comrades at the CPCZ District Committee understood. They know what things are all about. Many times they have had to repel attacks against decisions regarding the closing down of production plants, reexamination of obsolescent material and production norms and other vital actions. Attacks against them were usually led under the slogan of the necessity to preserve "peace and quiet," whereby calls for "peace and quiet" were nothing but wishful calls for preservation of what became irrelevant a long time ago and became a sort of brake, actually becoming the prime cause of difficulties, sorrows and conflicts.

The caution of manager Hospodka was justified. When he came up with the proposal he had been preparing with his closest collaborators, even some people of the staff of Naradi expressed their doubts about its success. And when the proposal got down to workshop level, some workers right away declared that they would quit and go elsewhere, or...

The reason was that manager Milan Hospodka asked them for something they were not used to, something they did not expect and what to a certain extent might affect their familiar daily routine. He wanted them to work in two shifts.

There was a lot of shouting. An avalanche of rebuke was directed primarily against the manager. It was common knowledge that there were no instructions "from higher-ups" to introduce operation in two shifts. The manager seemingly had no reason to take such an action: the factory had been fulfilling its planned quota and highly exceeding it in a number of indices, there was great interest in its products and orders were stacked up for years ahead. The more perceptive among the participants could see, however, that more was at stake than an action by an individual. The party organization gave the manager public support and required party members to lead by example.

Put to Shame by "Mere Women"

The management of Naradi had tried to expand operation to two shifts several times before. They even made appeals to "man's honor" and pointed out that women, who are faced with many problems and chores at home, work in two shifts more often than male machinists. But to no avail. The guys let the women put them to shame without even a blush.

Even an argument came up that the capitalist economy the law of maximum utilization of machinery is applied without exception to obtain the earliest possible return on investment. Some people in Naradi simply retorted that capitalism was not an example for them to follow. Of course it is not, but whether we like it or not we encounter its products on international markets where what really counts is only quality, price, service, and utility value. And if we cannot make a sale there, neither can we make a purchase. We just could not pay for it. This dependency escapes many plants and their personnel, because they are protected against the pressure of foreign markets and the risks they entail by price policies which instead of urging to action tend to result in smug satisfaction.

Aversion to working in more shifts is the reason that in industry alone some 600,000 machines have no operator. This prolongs the economic life of machinery while reducing the rate of its replacement and the curve of labor productivity shows a slower ascent than it could. The management of Naradi perceived the disadvantages of this trend more clearly than others, because, in the struggle they wage from day to day in the face of fierce competition, the time factor in machinery replacement and, thus, pricing policy and production output play an increasingly important role.

And Yet It Turns

How many times has all this been the subject of explanations and justifications, particularly in machine shops, without bringing any improvements in the status quo. The coefficient of shift work for the workforce increased last year by a mere one-thousandth (!) in comparison with the previous year. Manning of machinery operation jobs has also been at a standstill.

Nevertheless, by the end of last year Naradi managed to reverse the trend. As of 1 December all key and other expensive machinery has been in operation for three shifts a day, the remaining machinery for two shifts.

What for years had been in Naradi the subject of futile discussions was thus accomplished in the course of several weeks.

The direction of routing phone calls also became reversed. Just about all the managers whose cooperation Milan Hospodka was soliciting recently were not calling him. They kept asking what extraordinary measures helped Naradi to succeed in cracking such a hard nut.

There was nothing extraordinary in what happened at Naradi, nothing at all. The plant management, party and trade union organizations first decided on a common course of action in explaining the need for multiple-shift operation and preparations for revision of material and performance standards. The key precept was: talk with people about specifics!

Production planning sessions were held with eye-to-eye discussions and cards face up on the table. Economists started the ball rolling. They started out with the planned tasks for the current year...Production output in Naradi must increase by 7 percent, profits by 38 percent, return on operating assets must increase to 187 percent, production costs must be cut by 4.5 percent, cost of materials by 3 percent.

People in workshops, lacking insight into the problems facing the plant as a whole, first kept asking whether the tasks were formidable.

Management personnel kept acknowledging that they were indeed, extremely so.

Other questions followed--whether plant management should not have simply rejected imposition of such challenging tasks, or even have entered into litigation.

Of course, that is what manager Hospodka and his deputies could have done. And they would not have been the only ones to start a crusade for concessions and benefits...Maybe they could have wrangled a percent or two for the plant, but to whose detriment? The plan has been worked out with the maximum precision possible and attainment of targeted improvements in the standard of living is contingent on meeting the plan quotas. Once even a single percentage point is missing, even in a relatively small plant, the whole equilibrium is out of balance.

And why, the next objection expounded, when we are required to climb from minimum to maximum, do we have to also help support such a large organization and development department with over 50 people in it? After all, we are just a small factory!

The deputy manager for technical matters, Engineer Jaroslav Holub, retorted...He does not like to hear the term "help support," because it implies that someone is getting a better deal at the expense of another, but since they chose to saddle him with it...Our livelihood, he explained, starts to be earned in preproduction stages. If they would not develop and design competitive machinery, no matter how hard the workers would exert themselves, they would accomplish nothing!

Preproduction sections in Naradi perform well. Traditionally, they study patent publications and developmental trends in competing companies and plants. Naradi is represented at expositions worldwide not by a tourist, but by the head designer. Any new design must make it through the adversary proceedings of feasibility analysis, but the designer's responsibility does not end there. He is the parent of the design until it reaches production and is responsible for its subsequent improvements and updating. When the design features of the product bring success, bonuses follow and the plant management is not stingy. Lack of success means loss of bonuses, sometimes on the order of 5,000 korunas.

Whoever cannot stand the heat must get out of the kitchen. It was not so long ago that the manager, after consultation with the party organization, relieved the head designer from his post. He was a talented expert, but his talents failed him. He provided poor leadership, took things too easy.

An Important Index

Of course, there were a lot more questions, and some of them had to be explained a number of times and, when inevitable, management personnel and functionaries would talk to doubters on a personal basis.

They constantly emphasized one thing--if the plant wants to retain its good reputation, succeed in the new economic conditions and on the markets with intensifying competition, it must not only adjust to playing by the rules of the Set of Measures for Improving the Planned Management System of National Economy, but, first of all, meet them half way.

Then, pen and paper in hand, they started calculating...The Set of Measures emphasized the role of profits--their amount and proportion indicates more accurately the efficiency of the plant's operations than used to be the case. According to that efficiency, according to the amount of generated profits, measured in relation to invested long-term production and capital assets, the return on operating assets can be computed. The extent to which this indicator has been met determines the amount of the flexible component of the wage fund, i.e., bonuses and rewards. The flexible wage component in Naradi was allocated a full 35 percent.

Every time it sounded more and more persuasive: the more heavy-duty machines operate in two or three shifts, the sooner it would be possible to put wornout machinery out of service, improve production and productivity as well as the rate of profitability.

Supervisory personnel of Naradi declared that they would exert all their best efforts to attain the highest possible profitability, but that without support from the personnel in workshops their efforts would never make it half way through.

Some workers did give notice, but not a single one actually left. Even the greatest doubters capitulated when faced with facts and logic. An important role in the effort to adjusting to new conditions was played by some leading workers. Two of them, Jan Konopka and Kiri Lot from the toolmaking workshop, came to see the manager and told him, speaking for others as well: "If you ever need help, just come and see us."

M. Hospodka (who, by the way, hails from Borovice near Piestany) regarded it as his greatest reward.

Manager Hospodka and his staff are people with get-up-and-go. The right to make that statement belongs to their superiors, but there can be no doubt that they demonstrated their leadership talents. They did not wait for what they will be forced to do by conditions, they providently went and confronted them. Today they are positive--to cite from their announcement--that Naradi will meet the basic tasks of the plan for the current year and that workers' wages will increase 1.8 percent and maybe even more. Workers in two-shift operation already are granted preferential treatment, in the form of extra monthly pay in the amount of Kcs 350, because of their key contribution to the growth of profitability.

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GREATER USE OF RAIL FOR FREIGHT TRANSPORTATION SEEN

West Berlin DIW-WOCHENBERICHT in German Vol 48 No 8, 19 Feb 81 pp 83-89

/Analysis by Rainer Hopf, (West) German Institute for Economic Research (DIW), West Berlin: "GDR: Freight Traffic Back to the Railroad." Translations of articles cited in the indicated three footnotes are published under quoted headings in the following JPRS issues of this series: Footnote 5 — "Energy Problems Seen Restricting Economic Growth," 77656, 24 Mar 81, No 2109, pp 4-15; Footnote 6 — "Fuel Conservation Seen as Key Element in Transportation System" (interview with Transportation Minister Otto Arndt), 77680, 26 Mar 81, No 2110, pp 11-16; and Footnote 7 — "Transportation System Goals for 1981-85 Plan Outlined," 76865, 24 Nov 80, No 2065, pp 18-30/

/Text/ There has been a trend in the GDR as well as in many other European countries toward shifting transport operations from the railroad to the highway. For reasons of energy management this trend is now to be reversed; the railroad's share of domestic freight transport is to be increased significantly once again. But the German State Railways (DR) is already experiencing very great difficulty in carrying out its transport tasks. In view of the chronic manpower shortage and the general scarcity of investment capital, reserve capacities are virtually nonexistent. The planned increases in efficiency can consequently probably not be achieved.

Transport Outlay Too Large

In the past, the quality of the transportation system had been measured chiefly by whether the increases in efficiency called for in the particular annual and five-year plans had been realized; less important was a determination of the general economic efficiency of transport operations. This practice was encouraged since there was insufficient investment capital to modify the basic transport installations taken over from the former German Reich to accommodate the transport tasks that had increased as well as changed substantially compared to former times. Although the transportation network is indeed relatively dense — even when compared with those of Western industrialized countries — new regional centers of production and consumption prevent it from keeping pace with the demands placed on it by the public and the economy.

The development of transport capacities within the public freight transport system (excluding factory transport) also did not keep up with rising demand. This caused factory trucking to expand sharply, a type of traffic that has hitherto largely escaped centralized planning. Because of the greater availability of transport space, factory transport is advantageous for the enterprises, but the less than full utilization in terms of space and time and the greater specific energy consumption that sometimes results make it more expensive than rail transport, inland shipping or public trucking.

Another problem for the GDR planning authorities resulted from the fact that the enterprises were reporting excessive transport requirements so as to have a certain reserve in view of the constant shortage of transport space. Since there was no monitoring from above, as a rule, it was difficult to allocate available transport capacities according to the actual needs of the enterprises and branches of industry.

These peculiarities led to excessive costs per unit of load transported (marks per ton, or per ton/kilometer). Moreover, there is also criticism in the GDR of the large overall volume of transport (tons, and tons/kilometer, per unit of gross national product[1]). The 1979 figures for the GDR were conspicuously higher than those in the FRG for both the transport volume (tonnage transported) and transport output (measured in tons/kilometer). The differences are just as great for corresponding per capita indices (tons, and tons/kilometer, per capita). As recently as 1960, all comparative figures were lower than those for the FRG. Even though such figures do not constitute sufficient proof of the efficiency of a transportation system,[2] GDR politicians and scientists are demanding that they be reduced.[3]

The 1981 Economic Plan takes this viewpoint into account in distinct terms: "The combines, enterprises, cooperatives and institutions will work together to resolutely reduce transport outlay by bringing delivery and transport relations to optimum levels."[4] Thus, the GDR transportation minister says that essential transport demand within the domestic freight transport system is to be met with a 0.4-percent lower output despite rising goods production.

Division of Traffic Not Optimal From Energy Aspects

Reduced transport outlay is supposed to help conserve energy.[5] The public transportation system (including factory transport) currently accounts for around 15 percent of the overall economy's ultimate energy consumption (GDR: utility energy). Including personal travel, it comes to as much as 20 percent — as in the FRG. The transportation sector is thus the third-largest consumer of energy.

According to statements by the minister for transportation,[6] domestic freight transport in 1981 is to achieve a 9-percent saving of energy compared to 1980. These plans focus on two points:

1. How can the individual carriers transport more with less energy?

2. How can a different division of labor among the carriers involved in domestic freight transport save energy?

GDR computations[7] put the ratio of specific energy consumption (kilojoules per gross ton/kilometer) for inland shipping, railroad and trucking at 0.8 : 1 : 3. The present division of traffic and developments in the past can therefore not be described as optimal.

Table 1. Transport Systems in the GDR and the FRG, 1979[1)]

Verkehrswege (A)	(B) DDR		(C) Bundesrepublik Deutschland	
	(D) km	(E) km / 1000 km² Fläche	(D) km	(E) km / 1000 km² Fläche
(F) Eisenbahnstrecken	14 164	131	28 556	115
(G) Darunter:				
(H) Hauptstrecken	7 588	70	18 440	74
(I) Elektrifizierte Strecken	1 621	15	10 887	44
(J) Binnenwasserstraßen	2 302	21	4 329	17
(K) Hauptwasserstraßen[2)]	1 546	14	2 996	12
(L) Straßennetz				
(M) Autobahnen[3)]	1 728	16	7 029	28
(N) Fernstraßen[4)]	11 417	105	32 252	130
(O) Sonstige Straßen[5)]	105 797	980	436 380	1 755
(P) Rohrfernleitungen	1 301	12	2 086	8

(Q) 1) Die Angaben über die Streckenlängen sind nicht voll vergleichbar, da zum Teil unterschiedliche Klassifizierungen vorliegen. - 2) DDR: wichtigste schiffbare Flußstrecken und Kanäle; Bundesrepublik: Wasserstraßen für Schiffe mit einer Tragfähigkeit über 1000 t. - 3) Einschließlich Autobahnanschlußstellen. - 4) Bundesrepublik: Bundesstraßen. - 5) DDR: Landstraßen I. und II. Ordnung sowie Gemeindestraßen; Bundesrepublik: Landes-, Kreis- und Gemeindestraßen.

(R) Quellen: Statistisches Jahrbuch der DDR; Statistisches Jahrbuch für die Bundesrepublik Deutschland; eigene Berechnungen.

Key:

A. Transport systems
B. GDR
C. FRG
D. Kilometers
E. Kilometers per 1,000-square-kilometer area
F. Railway lines
G. Including:
H. Main lines
I. Electrified lines
J. Inland waterways
K. Main waterways[2)]
L. Highway system
M. Autobahns[3)]
N. Arterial highways[4)]
O. Other highways[5)]
P. Pipelines
Q. 1) The kilometer figures are not absolutely comparable because of differences in classifications;
2) GDR: most important navigable rivers and canals;
FRG: waterways for vessels with a load capacity in excess of 1,000 tons;
3) Including autobahn interchanges;
4) FRG: federal highways;
5) GDR: highways in categories I and II and municipal roads;
FRG: Land, district and municipal roads

R. Sources: "GDR Statistical Annual"; "Statistical Annual for the Federal Republic of Germany"; DIW computations.

Table 2. Index Figures on the Development of Freight Transport[1] in the GDR and the FRG, 1960–1979

(A) Jahr	(B) D D R			(C) Bundesrepublik Deutschland		
	(D) Verkehrsaufkommen					
	(E) in Mill. t	(F) t / Einw.	(G) t / 1000 M[2]	(E) in Mill. t	(F) t / Einw.	(H) t / 1000 DM[2]
1960	520,7	30,1	5,8	1 610,7	29,1	6,5
1965	622,5	36,6	5,8	2 012,6	34,3	4,2
1970	755,5	44,3	5,6	2 457,6	40,5	4,1
1975	903,0	52,9	5,1	2 279,0	36,9	3,4
1976	1 018,9	60,6	5,5	2 361,2	38,3	3,4
1977	1 065,9	63,6	5,5	2 347,9	38,2	3,3
1978	1 096,5	65,4	5,4	2 425,4	39,5	3,3
1979	1 088,6	65,0	5,2	2 543,8	41,5	3,3
	(I) Verkehrsleistung					
	(J) in Mrd. tkm	(K) 1000 tkm/Einw.	(L) tkm/1000 M[2]	(J) in Mrd. tkm	(K) 1000 tkm/Einw.	(M) tkm/1000 DM[2]
1960	40,1	2,3	443,6	142,0	2,6	575,6
1965	48,4	2,8	451,5	173,2	3,0	360,1
1970	58,5	3,4	424,8	215,2	3,5	358,9
1975	72,7	4,3	409,1	213,6	3,5	321,5
1976	76,8	4,6	416,7	229,9	3,7	328,7
1977	79,1	4,7	407,9	232,8	3,8	324,6
1978	81,3	4,9	403,9	240,3	3,9	323,6
1979	82,9	5,0	397,2	258,2	4,2	333,2

(N) 1) Ohne Seeschiffahrt und Luftverkehr. – 2) Bruttosozialprodukt zu Preisen von 1967. Anstelle des im Statistischen Jahrbuch der DDR ausgewiesenen Nationaleinkommens wurde mit einem Bruttosozialprodukt gerechnet, das analog zur Bestimmung des Bruttosozialprodukts in der Bundesrepublik ermittelt wurde. Vgl.: Das Sozialprodukt der DDR und der Bundesrepublik Deutschland im Vergleich. Bearbeiter: Herbert Wilkens. In: Wochenbericht des DIW Nr. 23-24/1977.

(O) Quellen: Statistische Jahrbücher der DDR; Statistisches Jahrbuch für die Bundesrepublik Deutschland; Verkehr in Zahlen, Bundesminister für Verkehr, Bonn; eigene Berechnungen.

Key:

A. Year
B. GDR
C. FRG
D. Transport volume
E. In millions of tons
F. Tons per capita
G. Tons per M 1,000[2]
H. Tons per DM 1,000[2]
I. Transport output
J. In billions of tons/kilometer
K. 1,000 tons/kilometer per capita
L. Tons/kilometer per M 1,000[2]
M. Tons/kilometer per DM 1,000[2]
N. 1) Excluding ocean shipping and air transport;

2) Gross national product at 1967 prices. Instead of the national income listed in the "GDR Statistical Annual," calculations were based on a gross national product analogous to the gross national product of the FRG. Cf Herbert Wilkens, "A Comparison of the GDR and FRG National Product," WOCHENBERICHT DES DIW, No 23-24, 1977.

O. Sources: GDR statistical annuals; "Statistical Annual for the Federal Republic of Germany"; "Transportation in Figures," FRG minister for transport, Bonn, DIW computations.

The importance of inland shipping has remained minimal for years. The railroad accounts for two-thirds of all domestic freight transport output (FRG: one-fourth), although its share of the volume transported is only 28 percent (FRG: 11 percent). By contrast, two-thirds of all goods (FRG: four-fifths) are transported by truck. Highway freight transport's 26-percent share of transport output is also considerable (FRG: 48 percent).

Expansion of Highway Freight Transport To Be Halted

Approximately 730 million tons of freight were transported by road in the GDR in 1979; the transport output amounted to 22 billion tons/kilometer. These are increases of nearly three-fifths and four-fifths over 1970; they are attributable exclusively to the sharp rise in factory transport. Factory transport's share of the domestic freight transport volume has meanwhile risen to 50 percent (FRG: 45 percent); its share of transport output, however, is only about 15 percent, as it is in the FRG.

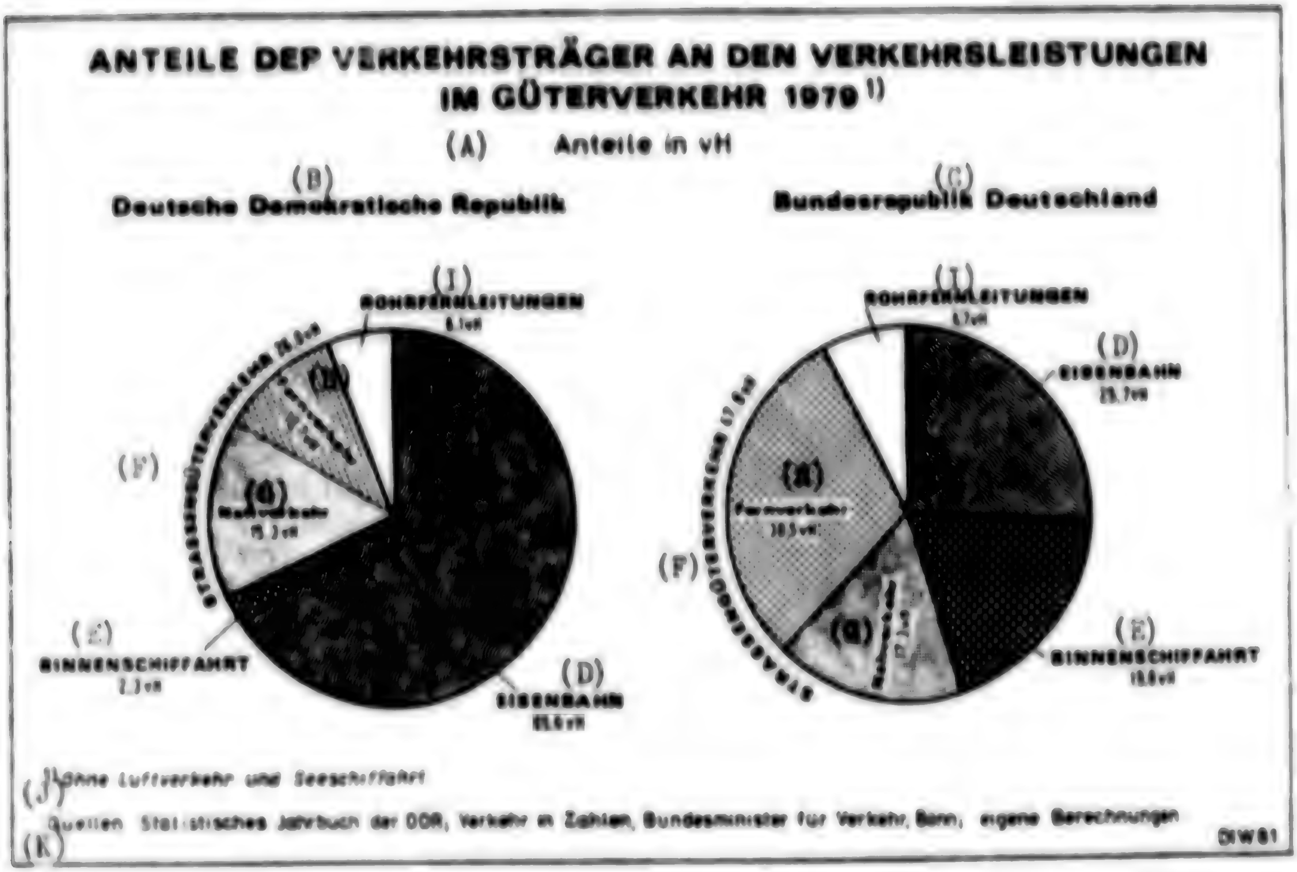
In light of the constant bottlenecks in the transport sector, especially with shipments of construction materials, attempts have been under way for some time to gradually take away enterprise authority over factory trucks. Bezirk transport committees have been formed and transportation combines established. Some of the tools being used as a means of "socializing" the factory motor pool are fuel rationing, inclusion in the accomplishment of supraenterprise ("social") transport tasks, the coordination and approval of long-distance trips and the formation of factory driving pools. Around 500 factory driving, loading and unloading pools exist at present. Their number is to be increased further. But it is doubtful that these measures can increase the efficiency of the transportation system. Factory transport has expanded so sharply for the very reason that the supply of transport space provided by the public carriers directly subject to state planning (the DR, inland shipping and public trucking) is always inadequate and that the state enterprises are insufficiently organized.

The proposed shift of freight traffic to the railroad is also designed to take some of the pressure off the GDR's highway system, which presently covers 120,000 km. Although the network of state, bezirk and municipal roads is very dense, the consistently poor road surfaces, the unfavorable outlook for completion of arterial highways and the numerous grade-level railroad crossings demand extensive reconstruction measures. The funds for this are not available. Added to this is the fact that the use of private motor vehicles, which is increasing rapidly in the GDR as well, is causing bottlenecks more and more frequently. This is especially true of the highly industrialized south, although the density of the system is 3 to 4 times greater than in the more sparsely populated and predominantly agricultural northern bezirks.

Unfavorable Conditions for Inland Shipping

Efficiency increases in inland shipping have been neglibilbe in recent years. The transport volume has fluctuated around 15 million tons, and transport outputs have averaged 2.3 billion tons/kilometer. Their importance within the transportation system as a whole has declined steadily. Although the GDR's system of inland waterways is relatively large — 2,300 km — its function in the transport sytem is merely a supplementary one since the Elbe and Oder are in part frontier rivers

Figure 1. Shares of Carriers in Freight Transport Outputs in 1979[1)]



Key:

A. Shares in percent
B. GDR
C. FRG
D. Railroad
E. Inland shipping
F. Highway freight transport
G. Short-distance transport
H. Long-distance transport
I. Pipelines
J. 1) Excluding air transport and ocean shipping
K. Sources: "GDR Statistical Annual"; "Transportation in Figures," FRG minister for transport, Bonn; DIW computations.

Table 3. Shares of Carriers in the Domestic Freight Transport[1] of the GDR and the FRG, 1960-1979 — in percent

(A) Verkehrsarten	(B) DDR 1960	1970	1975	1977	1979	(C) Bundesrepublik Deutschland 1960	1970	1975	1977	1979
	(D) Verkehrsaufkommen									
(E) Eisenbahn	45,7	34,8	31,2	28,0	27,8	18,7	13,3	11,3	10,3	11,0
(F) Binnenschiffahrt	2,4	1,8	1,6	1,4	1,4	10,2	8,5	8,2	7,8	7,5
(G) Straßengüterverkehr	51,9	61,4	63,8	67,0	67,1	70,3	75,1	77,6	79,1	78,6
(H) Nahverkehr	50,6	58,3	60,0	62,9	62,9	64,4	69,3	69,3	70,0	69,6
(I) Fernverkehr	1,3	3,1	3,8	4,1	4,2	5,9	5,8	8,3	9,1	9,0
(J) Rohrfernleitungen		2,0	3,4	3,6	3,7	0,8	3,1	2,9	2,8	2,9
	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
	(K) Verkehrsleistung									
(E) Eisenbahn	81,9	71,2	68,0	66,0	65,6	37,4	33,2	25,9	24,0	25,7
(F) Binnenschiffahrt	5,6	4,1	3,3	2,8	2,3	28,5	22,7	22,3	21,2	19,8
(G) Straßengüterverkehr	12,5	21,0	22,9	25,4	26,0	32,0	36,2	45,0	48,2	47,8
(H) Nahverkehr	9,5	13,6	13,9	15,1	15,3	15,3	16,8	17,2	17,5	17,3
(I) Fernverkehr	3,0	7,4	9,0	10,3	10,7	16,7	19,4	27,8	30,7	30,5
(J) Rohrfernleitungen	-	3,7	5,8	5,8	6,1	2,1	7,9	6,8	6,6	6,7
	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

(L) 1) Ohne Luftverkehr und Seeschiffahrt.

(M) Quellen: Statistisches Jahrbuch der DDR; Verkehr in Zahlen, Bundesminister für Verkehr, Bonn; eigene Berechnungen.

Key:

A. Carriers
B. GDR
C. FRG
D. Transport volume
E. Railroads
F. Inland shipping
G. Highway freight transport
H. Short-distance transport
I. Long-distance transport
J. Pipelines
K. Transport output
L. 1) Excluding air transport and ocean shipping
M. Sources: "GDR Statistical Annual"; "Transportation in Figures," FRG minister for transport, Bonn; DIW computations.

originating in the FRG and Poland. Also working against a greater share in national economic transport tasks is the fact that neither the Baltic Sea ports nor the industrial regions situated in the south are accessible by inland shipping routes.

Inland shipping is to be used more and more in the future for the transport of bulk freight. A short-term plan calls for taking over around 2 million tons from the railroads, so that the latter can move more shipments from the highways. This measure should be relatively problem-free. To be sure, increased inland traffic would demand an expansion of the network of waterways. Expectations are that the GDR will be seeking to do this with financial assistance from the FRG government for some of its inland waterways that are also important to border traffic with the FRG and/or Berlin (Mittelland Canal, Elbe-Havel Canal, Elbe and Havel [rivers]).[8] Further expansions of the waterway system are likely to fall victim to the scarcity of investment capital. Also requiring a sizable increase would be the fleet, in which the labor-intensive tugboats have in recent years largely been replaced by pusher ships and motorized freight vessels.

Increased Demands on Rail Transport

The DR system covering 14,200 km is about half the size of the FRG rail network; it can be described as very closely meshed — even by European standards. The railroads transported approximately 300 million tons of freight in 1979, with an output of 55 billion tons/kilometer (FRG: 358 million tons and 66 billion tons/kilometer). This is all the more remarkable in that only about one-fourth of the network consists of dual- and multiple-tracked lines, and only about 11 percent is electrified (FRG: 43 percent and 37 percent). The inadequate service capacity of switching facilities and the general state of disrepair have in the past led repeatedly to bottlenecks in the heavy traffic.

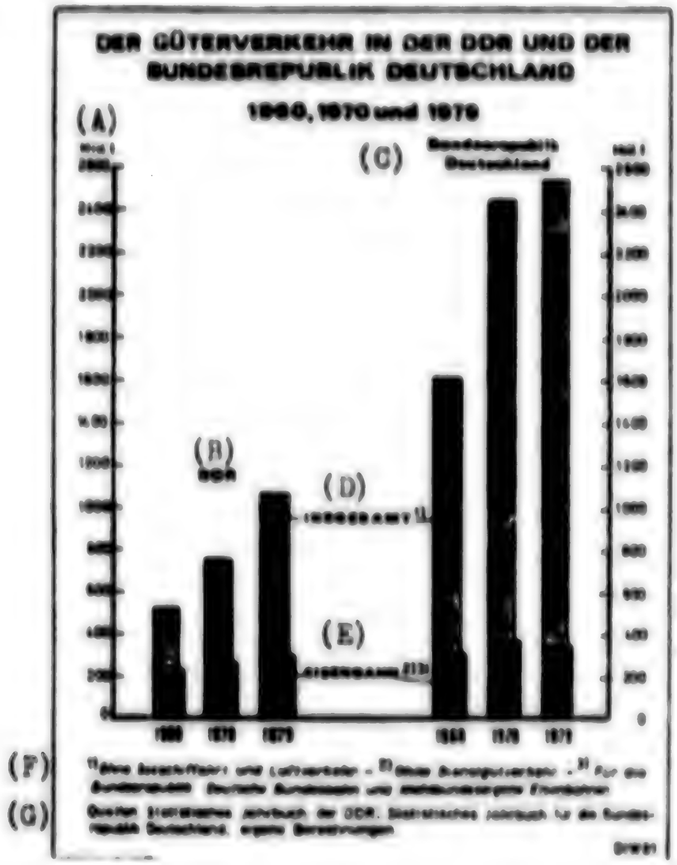
Although the railroad has always been a key investment sector in GDR transportation, there have not been sufficient funds to carry out a steady and uninterrupted modernization program. The conversion from steam to diesel locomotion took absolute priority because it was designed to increase efficiency. Less consideration was given to energy conservation initially. The last steam locomotives are scheduled to be replaced by 1985.

Extensive investments were made in the system during the 1970's, at a time when increasing rail traffic was accompanied by problems with transport operations. The forced construction of double- and multiple-tracked lines substantially increased free flow on the network. The sharp rises in crude oil prices and the necessity of even greater efficiency established new criteria. Electrification is seen as the only way out, a step that has heretofore been totally neglected.

The GDR is in last place in Europe with reference to electric locomotion in rail transport. The present ratio in gross tons/kilometer among steam, diesel and electric locomotion is about 1 : 7 : 2. Energy efficiency (kilojoules per gross ton/kilometer) for the electric locomotive is nearly 3 times that of a diesel locomotive.[9] Added to this is the fact that the energy needed to drive an electric train can be produced from domestic brown coal.

While increased electrification required extensive new construction capacities,[10] these have so far not been available. Consequently, it has been possible to

Figure 2. Freight Transport in the GDR and the FRG — 1960, 1970 and 1979



Key:

A. In millions of tons
B. GDR
C. FRG
D. Total
E. Railroads
F. 1) Excluding ocean shipping and air transport;
   2) Excluding service equipment runs
   3) For the FRG: the German Federal Railways and nonfederal railroads
G. Sources: "GDR Statistical Annual"; "Statistical Annual for the Federal Republic of Germany"; DIW computations.

Table 4. Network and Transport Output by Types of Locomotion for Selected European Railroads, 1979

	(A) Land	(B) Eisenbahn-Gesellschaft	(C) Streckenlänge in km	(D) Elektrifizierte Strecken in vH	(E) Zwei- und mehrgleisiger Ausbau in vH	Bruttotonnenkilometer der Züge nach Antriebsarten in vH (F)		
						Dampf- (G)	Diesel- (H)	Elektroantrieb (I)
(J)	Polen	PKP	23 975	27,1	38,4	11,1	31,8	57,1
(K)	Ungarn	MAV	7 734	16,6	14,1	7,2	43,9	48,9
(L)	DDR	DR	14 164	11,4	24,6	10,6	49,0	40,4
(M)	Bundesrepublik Deutschland	DB	28 558	38,1	42,8		17,7	82,3
(N)	Frankreich	SNCF	34 522	28,1	44,4	-	22,7	77,3
(O)	Großbritannien	BRB	17 901	21,0	71,0	-	65,3	34,7
(P)	Niederlande	NS	2 876	61,0	55,2	-	15,6	84,4

(Q) Quellen: Internationale Eisenbahnstatistik, UIC, Paris; Statistisches Jahrbuch der DDR; Statistisches Jahrbuch für die Bundesrepublik Deutschland.

Key:

A. Country
B. Railway company
C. Length of lines — in kilometers
D. Electrified lines — in percent
E. Double- and multiple-track construction — in percent
F. Gross tons/kilometer of trains according to types of locomotion — in percent
G. Steam locomotion
H. Diesel locomotion
I. Electric locomotion
J. Poland — PKP
K. Hungary — MAV
L. GDR — DR
M. FRG — DB
N. France — SNCF
O. Great Britain — BRB
P. Netherlands — NS
Q. Sources: "International Railroad Statistics," UIC, Paris; "GDR Statistical Annual"; "Statistical Annual for the Federal Republic of Germany."

electrify only 40 km of lines per year in the past 5 years. The other CEMA countries have been making considerably greater progress with electrification. Plans call for electrifying 150 km of the rail system per year during the 1981-85 period.[11] In accordance with the direction of the main traffic flows, the north-south lines have first priority (Leipzig-Berlin, Dresden-Berlin, Berlin-Rostock). But even if the GDR achieves its five-year plan goal by 1985 — with approximately 2,300 km, or 16 percent, of its lines electrified — it will be even farther behind the Western industrialized states and will still be bringing up the rear by a large margin within CEMA.

A number of measures designed to circumvent this problem are presently being weighed with a view to putting a greater share of domestic freight transport into the hands of the railroad, the better bet in terms of energy economy. An initial measure was that of halting the shutdown of unprofitable secondary lines. Operations were halted on about 1,800 km of the system between 1965 and 1979. Now, however, there is talk of reopening some of these lines. All of the DR's major customers are to receive their own sidings. The railroad's transport capacities are also to be increased by speeding up turnaround time for freight cars — a perennial problem for the DR — as well as by employing them to fuller capacity. Plans are also in the works to use price cuts to induce major DR customers to switch their transports to the railroads.

In addition, if truck transports of 10 km or more begin and end at a siding — or if those of 40 km either begin or end at a siding — they are to be taken over by the railroad. This ruling cancels the original ordinance[12] calling for transports of up to a distance of 50 km to be moved by truck, as the best carrier. Truck transports beyond a distance of 150 km are to be discontinued as a general rule, as is all truck transport of bulk freight.

Introduction of the container transport system (CTS) in 1968 was accorded high priority from the standpoint of rationalizing the transportation system. Between 1970 and 1979, output rose to 2.9 million tons and 615 million tons/kilometer (+ 250 percent in each case). However, containerized transport accounts for only 1 percent of the railroad's total traffic (FRG: 2 percent). Consequently, expectations for this system have probably been raised too high despite the active promotion of this type of transport.

Future Trends

Transport outlays (tons or tons/kilometer per unit of "total social product"[13]) are to be reduced by about 15 percent for the 1981-85 period. In view of trends in recent years and the general conditions that exist, this is a very lofty goal. Given the present transportation network, the regional distribution of production and the existing degree of concentration in terms of area, it is probably an impossible one to realize.

The reorganization of rate laws affecting domestic freight transport (effective 1 January 1982) should play an important role in this regard. Transport prices in the GDR are on a descending scale as distance increases. In the future they are to increase in proportion to distance. This will certainly cause many enterprises to review the need for transports and the appropriate delivery routes. Details on the new rate measures have not yet been announced.

Specific costs (per unit of load transported) are to be reduced chiefly by shifting transports from the highway to the railroad. The intention is to increase the DR's share of domestic freight transport output (tons/kilometer) from its present level of 66 percent to 73 percent. Measured by today's output, this would constitute an increase of 6 billion tons/kilometer, or + 11 percent. Increased efficiency can certainly be expected from electrification, additional dual-track lines and fuller utilization of freight cars and acceleration of their turnaround times, but the DR is already short more than 20,000 workers, a situation that leads to a large number of overtime hours. The planned transport shifts are more likely to exacerbate the DR's problems despite increasing rationalization.

The general scarcity of investment capital will continue to stand in the way of a smooth and comprehensive modernization of the vehicle parks of all branches of transportation as well as the transport systems. One indication of this is the relatively modest start toward future electrification even though it heads the list of investment priorities in the transportation sector. There is much to indicate that planning for carriers and the use of investment capital will in the next few years have to continue to be oriented almost exclusively toward short-range demand trends and current requirements. There can probably be no substantial increase in the efficiency of the GDR transportation system within the foreseeable future.

FOOTNOTES

1. Gross national product according to the Western definition. Cf Herbert Wilkens, "The National Product of the German Democratic Republic Compared to That of the Federal Republic of Germany," SONDERHEFT DES DIW, No 115, 1976.

2. Reasons for differences in transport volume can be different regional structures, differing degrees of vertical concentration, varied degrees of processing of the products transported and divergent shares of the services sectors.

3. Hermann Wagener, "On Reducing Transport Outlay in the National Economy," WISSENSCHAFTLICHE ZEITSCHRIFT DER HOCHSCHULE FUER VERKEHRSWESEN FRIEDRICH LIST, Dresden, Vol 3, 1980, p 418 ff.

4. "Law on the 1981 Economic Plan, 17 December 1980," GESETZBLATT DER DDR, Berlin, 23 December 1980, Part I, No 35, p 355.

5. Cf on energy problems, Jochen Bethkenhagen, "GDR Energy Management Facing Difficult Tasks," WOCHENBERICHT DES DIW, No 5, 1981, p 62.

6. Exclusive interview with Minister Otto Arndt: "Transportation Is a Reliable Partner of the National Economy," DDR-VERKEHR, Vol 1, 1981, p 4.

7. Wolfram Paetzold, Heinz Glaeser and Udo Seidel, "Results of Transportation Planning — Important Prerequisite for Drafting 1981-85 Five-Year Plan," DDR-VERKEHR, Vol 9, 1980, p 295.

8. Peter Jochen Winters, "How the GDR Plans To Improve Its Network of Waterways," FRANKFURTER ALLGEMEINE ZEITUNG, 22 August 1980, p 6.

9. No allowance has been made here for the losses incurred in transforming primary energy into ultimate energy.

10. For instance, concrete foundations and concrete and steel pylons had to be installed, contact lines laid, generating plants built and bridge clearances enlarged.

11. Cf "The Railroad Is Progressing Smoothly with Electrification of Its Network," NEUES DEUTSCHLAND, 27 January 1981, p 2.

12. This transportation ordinance (TVO) went into effect in 1973, regulating in particular the division of labor among rail, road and waterway.

13. In Western terminology this corresponds approximately to the gross value of production.

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MAV'S 1980 ACHIEVEMENTS, 1981 TASKS VIEWED

Budapest KOZLEKEDESI KOZLONY in Hungarian No 5, 1 Feb 81 pp 73-75

[Article by Istvan Mathe: "1980 Achievements of MAV Operation and Work Organization and More Important 1981 Tasks"]

[Text] The organizational and development program of MAV [Hungarian State Railways] is based upon transportation policy conceptions and party and government decisions directed towards enterprise organization and development. It is intended to ensure harmony between the processes and the appropriate organizational spheres, in coordination with enterprise plans.

The organizational tasks of the five-year plan were determined with the preceding in mind, and with consideration of the operations, repair, maintenance, development, enterprise management and other comprehensive tasks relevant to the railways. Since organizational changes implemented in 1980 evolved as a result of the organizational efforts initiated during the earlier years of the Fifth Five-Year Plan, it is worthwhile to review the whole plan period.

The development of MAV's technical level, the technological modernization of transportation processes, the increased exploitation of transport capacities and the efficient utilization of the labor force necessitated the appropriate distribution of direction and implementation responsibilities and the modernization of operational organization. In order to achieve the uniform direction of the transportation process, a uniform operational organization was formulated at the top management and at the regional railway directorate levels, (with the unification of divisions) through the sensible redistribution of operational, traffic, business and haulage tasks. At the same time, the uniform operational directing organization, which previously functioned under the direction of three specialized departments, came into existence. To unify the specialized service departments which are directly conducting the transportation process, operational traffic management offices were formed--experimentally at first (1978). The further organization of traffic management offices, 28 of which are currently operating, is continuing through the exploitation of favorable experiences. On the basis of the organizational concept of forming the traffic management network, a total of nearly 40 traffic management offices will be established in the area served by MAV. The traffic management offices are executive service units subordinate to the leadership of the regional railway directorate. Their creation assures uniform executive level leadership, promotes the exploration and exploitation of reserves, fosters better utilization of manpower, the development of a more streamlined scope of activity and more efficient operational efforts, because the decisions related to carrying out transportation tasks can be made on the level on which the basic information arises.

To conduct the work of the especially important Zahony region more efficiently, the Zahony Operational Directorate was established to operate as an executive service unit. Through this, the local directorate's sphere of influence was broadened, and a direct link with top management was established.

To modernize the mixed goods shipment system and to explore capacity reserves, the transmission capacities of the trunk lines and of the more important junctions were examined. As a result of this--in certain respects--it became possible to exempt, for example, the Budapest freight yards.

In 1978, the basic freight train system was introduced to extend to 50 percent of the freight trains. Within this system, freight trains (like passenger trains) are traveling regularly, with fixed locomotive turning devices. The goal of the system is to speed up the flow of mixed goods and to utilize the modern hauling vehicles more efficiently.

Forty-seven percent of the freight car requiring merchandise was transported on loading trained directional and through trains. This resulted in a 14 percent decrease in locomotive waiting time.

The modernization of schedules is a significant traffic organizing activity. A schedule ensuring continuous train forwarding from border to border was prepared to increase travel speed. The alternative formulation was developed to expand the number, and the frequency of express and through passenger trains.

A valid schedule was prepared for 50 branch lines and for a period of more than a year.

Indicative of the improved organization is the increase in the travel speed of passenger trains, the decrease in the amount of congestion on the network level and improvement in the adherence to schedules. There is still much that can be improved in passenger train service, although a number of measures have been instituted in this area. The ticket office network was expanded, and the seat reservation system was modernized to develop MAV's public service further. To reduce crowding, the number of cars on commuter trains and the number of express trains were increased. As a new service--during the summer season--sleeping cars are now in service on certain international trains (Budapest-Berlin, Budapest-Warsaw, Budapest-Belgrade). The opportunity of carrying passenger cars on international express trains has also been created.

To improve the functioning of the border stations, to speed up international traffic and to streamline railroad and other checks and technological processes, a change is in the process of being implemented from the operation transfer border station system to the joint station system. Also, a border station computer information system and the information system of the Zahony transshipment district are being developed and organized. In the implementation of the network streamlining program, 293 kilometers of standard gauge, 107 kilometers of narrow gauge and 135 kilometers of farm railways were eliminated during the reporting period. From among the stations monitored, 74 were abolished.

One hundred four regional stations, where the complex system of cooperation must be formulated through coordinated organization and technical development, were designated as the sites for the further development of MAV-VOLAN cooperation and division of labor. Modern transport methods and merchandise haulage organized into unit loads—transport containers, pallets--developed significantly. Containerized freight transport increased by more than 40 percent during the plan period.

The number of railway production instruments, modern tractor and drawn vehicles increased significantly during the plan period. The specific energy consumption of locomotives per 100,000 kilometer ton decreased by 29 percent because of the more efficient utilization of the modern locomotive fleet, the decrease in the proportion of steam locomotives and because of more favorable operating conditions. While the waiting time of locomotives is 14 percent less, their daily useful running time is still low. New locomotive round trip times (for example, by utilizing radio operated brake testing equipment) were developed at certain railway junctions to improve locomotive utilization.

The freight car rolling stock increased significantly, resulting in a 23 percent increase in load carrying capacity, a nearly 17 percent improvement in static loading of freight cars and a 7 percent improvement in daily productivity. Repair plants have become specialized for particular types of tractor or drawn vehicles. Repair methods (closed cycle, network planned) based on modern organizational procedures have spread. Computer organization of information systems for vehicle repair operation procedures has begun. However, the technical basis which ensures operation and maintenance could not keep step with the significant increases in the vehicle stock.

In 1980, the speciality divisions performing mechanical and vehicle repair functions which have a technically organic interrelationship were amalgamated into a specialized mechanical and vehicle maintenance service. According to the organization measures, uniform management is being implemented for the modernization, operation and energy supply of maintenance plants and freight yards to develop railway rolling stock and its mechanical and electrical equipment, and to ensure the performance of technical tasks and vehicle safety measures. By implementing uniform direction, the organizational change is creating the possibility of gradually eliminating the fragmentation of the vehicle maintenance process, to utilize existing resources, regulating and interest systems more effectively, and to develop technical operation and maintenance related plans. To achieve simplification, the reorganization established the Engineering Technology and Material Inspection Plant through the merger of two institutions, AVI and JUMTI.

MAV's energy management organization and its operations were modernized in order to carry out energy management, conservation and streamlining tasks more efficiently. Thus, fragmentation and the passing on of matters to be settled were eliminated, and the conditions for achieving branch energy policy goals, and the harmony of development potentialities were established.

The serious manpower problems of the track maintenance division hastened the concentration of the labor force, the streamlining of employment methods, and the modernization of the organization. During the reporting period, a streamlined track, building and bridge maintenance management was instituted--to replace the previously mixed scope management--and the road master groups which maintained short sectors of track were reorganized into chief road master departments. The number of service units decreased from 384 to 156. At the same time, it became possible to institute track maintenance work gangs which could be transported over highways.

Modern technologies and methods (for example, the 8+6 day work rule to assure continuous operation) were introduced to exploit the highly expensive track laying and maintenance machinery more efficiently.

Thus, the calendar time base utilization of the track maintenance machinery improved, and the per hour track section performance of a track machinery series improved by 16 percent.

The construction, maintenance and renovation of fixed structures--so as to disturb railroad operation as little as possible--is requiring increasingly closer cooperation between construction and maintenance organizations, in order that more economical labor and machinery utilization and better material and supply management can be achieved. The construction management operating under the guidance of the railroad directorates has now been placed under the direct supervision of the chief directorate, in order to implement network goals, and to utilize the available capacities more effectively. Thus, the uniform direction of the railway construction industry, which is important for the whole network, was achieved. Along with the modernization of the construction system, the overall MAV investment procedure was scrutinized. Consequently, the development of better cooperation based on joint responsibility among investors, planners and implementors can be realized.

The MAV Computer Technology Department was created by combining computer technology units, to gradually establish a uniform computer information system for railway operation and management processes. The concept for MAV's automated transportation control system has been prepared, computer utilization in railway processes (for example, border stations, certain junctions) has been initiated, and the computer organization of administrative and management systems has been continued. However, the reliability of data handling and the delays in processing time are causing problems in the utilization of the information.

For years, the railroad has been struggling with a chronic manpower shortage, especially in areas of key operational importance (as an example, detailing rural workers to the Budapest area has become a permanent practice). The number of full time employees in 1980 is nearly 10,000 less than the number employed in 1975.

This large scale manpower decline entails worker shortages and undesirable amounts of overtime. The railroad has been trying to counteract labor situation tensions by measures to organize the railroad, by the discovery of labor force reserves, by redeployment, by increasing the manpower utilization efficiency, by streamlining measures and by technical developments. As a result, the nearly 20 million overtime hours of 1975 decreased to about 11 million hours in 1980.

The servicing light traffic lines ties down significant manpower--with low efficiency. Between 1976 and 1980, the elimination of light traffic lines has made the redeployment of more than 700 workers possible. Through continuous monitoring of unloading at stations, and by merging and eliminating spheres of activity, nearly 1000 positions were freed up. These measures provided considerable assistance toward improving the manpower situation of the larger service posts.

The utilization of the one man train conveyance method (CSM system) decreased the manpower problems of traveling crews. The performance proportion per train kilometer of trains dispatched under this system increased by more than 18 percent during the plan period, compared to all trains.

The utilization of modern safety equipment is having a manpower conserving effect. During the plan period, the modernization of stations and safety equipment, and the installation of automatic gate equipment at railroad crossings have resulted in the freeing of more than 700 workers. Technical developments--the increase in the amount of equipment--is only one determinant of the necessary manpower. The other main determining factor is work productivity. Work organization has a significant role in positive productivity changes. During the plan period, the productivity per full time railway workers increased by 7 percent per ton of merchandise, and by 8 percent per kilometer ton of merchandise. Sixty percent of this improvement is due to work organization.

The organizational measures implemented during the 5 years have caused no operational problems for the railroad. During the past period, nearly 46 million more tons of merchandise were transported than during the previous period. This performance, however, was nearly 2.5 percent under the planned minimum.

Our 1981 organizational tasks must assist the railway's enterprise plan. Because MAV does not yet have an approved production plan for next year--although the chief plan figures are known--a detailed organizational plan was not prepared.

Next year, the focal point for operation and work organization is to be the organizational improvement of railway transportation operations. The exploration of capacity reserves which would increase the speed of freight flow, the formulation, or rather, the introduction of organizational solutions and the further reorganization and modernization of marshaling yard work, technologies and information systems are all tasks to be done to this effect. The expansion of the scope of organizational measures to increase the productivity of the traveling crew, the creation of more flexible adaptability to--or rather, better satisfaction of--changing passenger and freight hauling requirements through modernization of the schedule structure, and the achievement of better utilization of the transportation vehicles are also important tasks to be performed.

An important task is to raise the level of services provided to the traveling public and to shipping customers. To increase the frequency of service and improve the speed of travel, to reduce crowding, to adhere to schedules and to improve the passenger information service and cleanliness are all important tasks to the performed in order to achieve the planned passenger transporting goal of 288 million persons.

To increase freight hauling performance--the plan is 133 million tons--it is necessary to significantly improve commercial activities such as market research, division of labor and improved cooperation between MAV and VOLAN, harmonization of haulage and delivery and the utilization of modern transport methods and instruments. During the first half of the year, the unused hauling capacities provided exploitation opportunities and prompted early shipping.

Measures which promote weekend and holiday loading and freight car manifests which are reliable as far as the railroad is concerned should be developed.

In order to increase operational efficiency, organizational measures are promoting the utilization of railway vehicles through the reduction of vehicle turn-around-time, the economical utilization of freight cars and the implementation of the complex freight car equalization principle. The appropriate operational readiness of vehicles must be achieved through the continued decrease of less than capacity usage, the further specialization of vehicle repair and maintenance bases, the modernization of preventive maintenance (e.g., diagnostic checks), the utilization of advanced work methods (e.g., network flow processes, unit package repair systems, etc), and the development of the conditions for identity of interests between operational and maintenance units.

In order to raise the qualitative technical level of network development and maintenance we are improving the organization of the construction and outfitting of fixed structures, the streamlining of complicated processes and the further extension of more productive employment (e.g., the 6+8 day system).

The simplification of enterprise directing and management methods is necessitating that the data basic to economic planning be organized for computer input. The maintenance and further development of data processing systems (e.g., tariffs, additional fees) need to be further developed. The railway must resolve its transportation tasks more efficiently, and at a higher level by gradually decreasing manpower. During 1981--compared to the base year--a decrease of 1000 full time employees can be expected. In addition to the labor time bases necessary to carry out the passenger and freight hauling plans and other tasks, more than 9 million overtime hours can also be expected.

From among the manpower saving and overtime reduction measures, the role of technical developments--which during the Sixth Five-Year Plan is considerably more modest than in the preceding plan period--is being shifted more and more towards labor and operation organization. We are endeavoring to utilize the work day base successfully, to increase productivity and to reduce overtime by streamlining technological and labor processes, utilizing modern procedures, developing, or rather, continuing to develop work plans and formulating wage incentive policies.

According to the plans, more than 60 percent of the manual laborers can be included in a performance requirement system through the exploration of reserves and the introduction of organizational measures.

There are additional possibilities for sensible utilization and redeployment of manpower, or rather, for the creation of their necessary conditions at the operational management level, where manpower management is concentrated in one location. Within the organization of operational management, the modern development of the functional organizations--which are ensuring the functioning of management--is continuing within the structure.

The management network is continuing to broaden, that is, the management organizational system which encompasses the whole railway is being implemented. The new form of executive service is making the resolution of local tasks and the increasing of self reliance possible. This requires that the necessary sphere of activities be established. In this relation, it is necessary to examine the directive and interrelationship systems of local railway directorates, and to see what the possibilities are for carrying out the tasks required by the management network.

We are conducting a study of the aftereffects of the organizational measures and modernizations which have been implemented. Future developments and modernizations will be based on these studies.

9093
CSO: 2500

RESOLUTION ON PURCHASE PRICES OF AGRICULTURAL PRODUCTS

Warsaw MONITOR POLSKI in Polish No 29, 24 Dec 80 pp 208-209

[Resolution of Council of Ministers No 121 of 17 November 1980 Concerning Procurement Prices of Agricultural Products and Prices of Concentrated Feeds]

[Text] With a view to further development of agricultural production and improvement of the overall income level of the agricultural population, by virture of Article 1, Item 1, and Article 2 of the decree of 3 June 1953 on price setting, duties and tariff rates (Dz. U. No 31, item 122), the Council of Ministers resolves as follows:

Para 1. As of 1 July 1981, the purchase prices of primary-quality grain are being set as follows:

	in zlotys per 100 kg
rye	670
wheat	780
brewer's barley	950
barley for processing	760
oats for processing	680
rye for fodder	620
oats for fodder	620
barley for fodder	670
grain mixture	640

Para 2.1. As of 1 July 1981, the purchase price of sugar beets is being fixed at 200 zlotys per 100 kg.

2. A surcharge for manual unloading of the sugar beet brought to the point of delivery amounts to 300 zlotys per ton.

3. The minister of food industry and purchase has determined the amount of bonuses and the principles of awarding bonuses to the producers of sugar beets for their storage.

Para 3. The purchase prices of colza of rape [Brassica napus var. oleifera] and "rzepik" rape [Brassica rapa var. oleifera], tobacco and hops are being increased as of 1 July 1981 on the average by (in percent):

1) colze rape and "rzepik" rape	32
2) tobacco	30
3) hops	25

Para 4. The purchase prices of slaughter animals and animal products are being increased as of 21 November 1980 on the average by (in percent):

1) milk	31.5
2) slaughter cattle	26
3) hogs	16
4) poultry	21

Para 5. The minister of agriculture will effect changes in the purchase prices and sale prices of:

1) livestock--as of 21 November 1980,
2) seeds--as of 1 July 1981.

Para 6. The chairman of the State Price Commission will effect, as of 21 November 1980, the increase of purchase prices of wool by 25 percent.

Para 7. The retail prices of concentrated feeds are being increased an average of 20 percent as of 21 November 1980.

Para 8. The chairman of the State Price Commission will determine detailed purchase prices of milk, slaughter cattle and hogs, grain, colza rape and "rzepik" rape, sugar beet, tobacco and hops, as well as retail prices of concentrated feeds, whereas the minister of food industry and purchase will establish detailed purchase prices of poultry.

Para 9. In Para 13 of Council of Ministers Resolution No 124 of 23 August 1978 on the general principles of farm produce supply contracts (MONITOR POLSKI No 27, item 97) the following changes are being introduced:

1) In Item 1, the following words are being deleted: "and 40 percent of discount from prices of mineral fertilizers irrespective of seasonal reductions of prices for fertilizers";

2) In Item 2, Para 2 is being deleted;

3) Item 3 is deleted.

Para 10, the following cease to be in force:

1) Para 1, items 1 and 3, of Council of Ministers Resolution No 154 of 13 July 1976, concerning purchase prices of agricultural products, prices of some means of production for farmers, and of building materials (MONITOR POLSKI No 30, Item 131, together with subsequent changes),

2) Council of Ministers Resolution No 33 of 23 February 1979 on the increase of purchase prices of tobacco leaves and seeds (MONITOR POLSKI No 7, Item 49),

3) Council of Ministers Resolution No 195 of 28 December 1979 concerning the increase in purchase prices of milk (MONITOR POLSKI of 1980, No 1, item 1),

4) Council of Ministers Resolution No 37 of 28 April 1980 on the improvement in the conditions of the production and purchase of sugar beets (MONITOR POLSKI No 13, Item 57),

5) Council of Ministers Resolution No 78 of 5 September 1980 concerning the increase in purchase prices of hogs (MONITOR POLSKI No 21, Item 99).

Para 11. The resolution takes effect on the day of its publication, except that Para 9 becomes effective on the day of 1 July 1981.

Chairman, Council of Ministers:

J. Pinkowski

1015
CSO: 2600/147

HARVEST RESULTS FOR MAIN CROPS IN 1980 REPORTED

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA in Polish No 1, 10 Jan 81 pp 27, 28

[Text] Production conditions in agriculture in 1980 were exceptionally difficult. In the initial period of the growing season of winter crops, the weather was favorable for the sowing and growth of these crops. In the fall of 1979, rapeseed was sown over an area which was 30 percent larger than in the previous year, and the sowing area of winter grains increased 5 percent. The winter crops entered the wintering period in fairly good condition. Winter losses in the sowing of winter grains amounted to about 0.9 percent, that is, over two times less than the average (2 percent). The rapeseed wintered more poorly, because in the spring about 29 percent of its crop area was plowed under, while the average has been 20 percent for many years.

A rather late spring, and especially the flood which occurred in that period, prevented the termination of sowing by the deadline and the planting of spring crops. The conditions for sugar beets proved to be particularly bad. Because of the small density of the plants and their poor condition, approximately 10 percent of the sugar beet cropland was plowed under in the spring.

Beginning in the first decade of June, with the warming up and the cessation of constant precipitation, the condition of all the croplands began to improve considerably. At that time, there was hope to obtain high grain yields, particularly since rye fields had grown up quite well.

However, beginning in the second 10 days of June, the conditions for growth of crops began to worsen. The pattern of unfavorable combinations of production conditions was becoming more evident. The flood and the flooding of fields occurred in an area of about 10 million hectares of cropland. Among others, about 162,000 hectares of grains, about 120,000 hectares of potatoes, about 56,000 hectares of sugar beet cropland, and about 5,000 hectares of rapeseed were completely destroyed.

In a considerable cropland area, moreover, larger or smaller crop losses occurred at that time. The flood and the flooding of fields occurred several more times during the growing season in 1980, as a result of the large amount of moisture in the soil from previous precipitation and also from the current steady rainfall

The crops suffered greatly not only because of excess precipitation but also because of lack of warmth and sunshine (in June the sun activity was 60 percent, and in August 80 percent of the norm of many years). In 1979-1980, similar to several previous years, there was an acute lack of nutrients in the soil (smaller deliveries, washing out of nutrients from the top layers of soil as a result of repeated excessive precipitation) and pesticides. Another matter is that because of frequent and heavy rainfall the effectiveness of chemical protection of plants had to be limited. During the past growing season, diseases, especially of the fungus type, occurred with great intensity in the final growth stages of the crops. The universality of their occurrence, as well as the dynamics of the increased effects stemming from this cause, had a strongly negative influence on the quantity and quality of the yield. This particularly concerns potatoes, where the potato disease spread very rapidly through late varieties, something which had not been observed in previous years; it also concerns winter wheat and spring grains, where mainly mildew and rust occurred with great intensity.

The harvest of most crops (except rapeseed) took place under unfavorable conditions. Rapeseed, harvested earliest of all the crops, was harvested during relatively good weather. The harvest of the remaining crops, which were harvested in different periods, took place mostly during rainy weather. The grain, which was flattened in about 70 percent of the crop area, was harvested with a delay. In many areas, overgrowing or falling off of the seed occurred. Often, croplands of flattened grain were overgrown with grasses and weeds, which made the harvest difficult, particularly when mechanical equipment was used.

The digging of potatoes also took place under exceptionally difficult conditions. A considerable portion of the potatoes remained in the fields (not harvested after harrowing, or partly rotten). The sugar beet processing period, delayed in 1981, caused the change in the deadline for digging sugar beets. The high moisture of the fields, and also considerable cold spells made digging difficult and even interrupted it. The unfavorable conditions during the crop harvest period in 1981 contributed greatly to decreased crop harvest.

Numerical data on the crop area and on the yield and harvest which was obtained last year, in comparison with results obtained last year and the averages for the years 1976-1979 are found in a table on the inside of the front cover.

Grains

It is true, the total harvest of grain crops in 1980 was about 1 million tons higher than in the previous year, but it proved to be lower than the level attained in each consecutive year of the 1969-1978 period. In comparison with the tasks of the national socioeconomic plan, the 1980 harvest is over 3 million tons smaller (about 15 percent). The relatively small grain harvest is a consequence of the smallest grain crop area in the last 30 years, with the exception of 1976, as well as of the low yields.

The average production of grains per inhabitant of our country amounts to about 518 kg, i.e., 26 kg more than the results obtained in 1979, but considerably less than the entire 1969-1978 period, and about 57 kg less than in the years 1976-1979.

In comparison with 1979, the grain harvest was about 20 percent larger in production cooperatives, about 7 percent larger in private farming, but about 15 percent on cooperative farms and 6.5 percent smaller on state farms. The decrease of harvest on cooperative farms is a consequence of transferring land to other farms. The decrease of harvest on state farms results mainly from the fact that these farms are located mostly in areas where there was the greatest excess of precipitation in 1980 and, moreover, wheat whose harvest was very poor this year (it had been strongly affected by fungus diseases) constitutes the largest portion of grain crops there.

The average grain yield was 25.2 quintals per hectare [q/ha] on state farms, 24.9 in production cooperatives, 23.0 on private farms, and 19.0 on cooperative farms.

The yields of the individual varieties of grains were 26.1 q/ha for winter wheat, 25.3 for spring wheat, 21.6 for rye, 32.1 for winter barley, 25.1 for spring barley, 22.6 for oats, 24.0 for mixed grains, 7.9 for buckwheat and millet, and 35.1 for seed corn.

The differentiation of yields in different areas of our country in 1980 was quite considerable, since it ranged from 16.7 q/ha in Krosno Voivodship to 32.9 in Legnica Voivodship. The range of changes in the harvest in different voivodships as compared with 1979, is illustrated in the table on the inside of the front cover.

Grain yields were higher than in 1979 in 34 voivodships, and were lower in 15 voivodships. The increase in yields occurred on a fairly large scale (from 25 to 42 percent) in the central and northeastern regions where a disastrously low wheat yield had been obtained in 1979. The decrease in yields occurred mainly in areas where the effects of this year's flood were the strongest.

Oleaginous Crops

The harvest of oleaginous crops has been estimated at about 579,000 tons, of which about 567,000 tons were rapeseed. In comparison with the bad harvest during the preceding year, the harvest of oleaginous crops in 1980 is over two times as large; however, it is about 37 percent smaller than that which is assumed by the national socioeconomic plan. The share of socialized farms in the total harvest of oleaginous crops was about 76 percent in 1980. In all forms of farm ownership, the harvest turned out to be larger than the 1979 results.

The yields of oleaginous crops in individual forms of ownership ranged from 13.4 q/ha on cooperative farms to 17.8 on state farms, 18.8 on remaining state farms, and from 7.7 in Siedlce Voivodship to 23.0 in Opole Voivodship.

The average production of oleaginous crops in our country per inhabitant amounted in 1981 to 16 kg, that is, 9 kg more than in 1979 but 3 kg less than the average of the years 1976-1979.

Potatoes

The year 1980 was disastrous for potato production. The fulfillment of the tasks of the national socioeconomic plan fell short by 18.6 million tons (41.3 percent) of production. The obtained crop is the poorest in the last 30 years, which is a consequence of the smallest cropland area and very low crop yield at the same time. Potato production was adversely affected by floods, flooding of fields, excess of moisture in the soil during the entire growing period and during harvest, and also by the unusually rapid propagation of the potato disease which totally destroyed the crop in many regions of our country. The potatoes are tiny (they did not reach their proper sizes on account of low temperatures and almost constant excess of moisture in the soil), and also they are mostly of poor quality (starch content 2-3 percent lower than the average, impact of diseases).

Potato production as calculated per inhabitant of our country amounts to about 745 kg, i.e., 661 kg less than fairly substantial production obtained in 1979, and 583 kg less than the average for the last 4 years.

A smaller potato crop will have a very unfavorable effect on the fodder situation, particularly in swine breeding in private farming, where potatoes play a basic role in nutrition doses. After allowance is made for potatoes for consumption (about 6 million tons), planting (about 5.5 tons), loss during storage (at least 3 million tons), and the industrial supply is excluded--the average quantity of potatoes which will remain for fattening livestock amounts when calculated per hog (status according to the June census) to barely 5.6 quintals [Q], whereas the same index was 14.3 q in 1979, and 13.9 for the last 4 years on the average.

The potato crop decreased in 1980 in all forms of farm ownership.

The decrease in the yields and crops of potatoes will limit the fodder supply, particularly in private farming, where potatoes occupy 19.4 percent of the structure of sowing (in socialized farming, the share of potatoes in the structure of sowing was 6.2 percent in 1980).

The data on the size of the decrease in the potato crop in 1980 as compared with the 1979 production in the voivodships are found in Table 1.

Table 1

Range in crop decrease in thousands of tons	Number of voivodships	Voivodships
up to 200.0	5	Zielona Gora, Legnica, Jelenia Gora, Walbrzych, Bielsko-Biala
200.1-400.0	14	Gorzow, Leszno, Lodz City, Warsaw-Capital, Nowy Sacz, Krakow City, Elblag, Opole, Przemysl, Krosno, Tarnow, Wroclaw, Chelm, Suwalki
400.1-600.0	16	Katowice, Tarnobrzeg, Skierniewice, Olsztyn, Pila, Czestochowa, Slupsk, Ostroleka, Rzeszow, Poznan, Koszalin, Szczecin, Torun, Plock, Gdansk, Biala Podlaska
600.1-800.0	10	Lomza, Wloclawek, Sieradz, Kalisz, Zamosc, Kielce, Radom, Piotrkow, Konin, Ciechanow
800.1-1,000.0	3	Lublin, Bydgoszcz, Bialystok
over 1,000.0	1	Siedlce

The decrease in the potato crop occurred in all voivodships, and the size of the crop decrease depended largely on the amount of precipitation during the June-October period. This problem is illustrated by the map on the inside back cover.

The largest decrease in crops was in areas where total precipitation exceeded 100 percent of the norm, and also in areas where precipitation norms were exceeded by 50 percent and where at the same time the air moisture content was the highest. This concerns mostly the northern regions of our country, which in turn are the most important production base for seed potatoes. By voivodships, the differentiation in yields ranged from 66 q/ha in Krosno Voivodship to 156 in Opole Voivodship.

Sugar Beets

The sugar beet crop has been estimated as the smallest in the last few years. The fulfillment of the tasks of the national socioeconomic plan fell short by about 6.6 million tons (39 percent of production). This crop level is a result of the small cropland area (64,000-94,000 hectares less than in 1976-1979, and 4,000 hectares less than in 1979) as well as of low yields (the lowest in the last 30 years).

In addition to the poor harvest, also disadvantageous was the fact that the sugar beets from the 1980 crop contained less sugar than usual. According to the prognoses of the State Inspection of Agricultural Production, if the sugar beet crop is delivered in its entirety to the sugar mills, the production of sugar will amount to 1-1.08 million tons, thus being the lowest in the last 20 years.

Thus, when calculated per inhabitant, sugar production from the 1980 crop is likely to amount to 28-30 kg, and so it will be 13-15 kg less than the 1979 results.

The yields and crops are smaller than those obtained in 1979 in all the forms of farm ownership. By voivodships, the differentiation in yields ranges from 116 q/ha in Torun Voivodship to 298 in Leszno Voivodship.

Effect on the Fodder Situation

Grains and potatoes can to a large extent be replaced, particularly in animal nutrition. However, the small potato crop and the relatively small grain crop have caused a fairly difficult fodder situation on farms in many instances. Because it is estimated that the combined grain and potato crop, when calculated in grain units is 24.9 million tons, and so 4.8 million tons (16.1 percent) less than in 1979 which was characterized by poor grain crop.

The greatest decrease in production occurred in farm cooperatives (about 26 percent) which in 1979 transferred a portion of their farmlands to other farms, and also in private farming (17 percent) in which low-yield potatoes have a fairly large share in the structure of croplands.

In individual voivodships, the situation is considerably differentiated. Grain and potato crop, as calculated in grain units in 1980, is presented in Table 2.

Table 2.

Range of size of changes (1979=100)	Number of voivodships	Voivodships
up to 60	2	Torun, Wloclawek
60-70	3	Krosno, Konin, Rzeszow
70-80	10	Koszalin, Elblag, Przemysl, Bydgoszcz, Slupsk, Zamosc, Chelm, Lodz City, Plock, Nowy Sacz
80-90	22	Sieradz, Szczecin, Gdansk, Lublin, Piotrkow, Bialystok, Bielsko-Biala, Ciechanow, Czestochowa, Jelenia Gora, Kalisz, Katowice, Krakow City, Olsztyn, Pila, Poznan, Siedlce, Sieradz [sic], Tarnobrzeg, Tarnow, Walbrzych, Wroclaw
90-100	9	Warsaw-Capital, Gorzow, Kielce, Leszno, Lomza, Opole, Radom, Skierniewice, Suwalki
100-105	2	Legnica, Ostroleka
over 105	1	Zielona Gora

Relatively the best is the situation in the Leszno, Legnica, Zielona Gora, and Ostroleka voivodships (the grain crop is considerably larger than 1979, with relatively small cropland area for potatoes); and it is the worst in the Torun, Wloclawek, Konin, Krosno, and Rzeszow voivodships (the areas of greatest flood intensity).

Sowing Area, Yields and Crops

Listing	1976-1979[a/]	1979	1980[b/]	
	in absolute figures			1979=100
	Area in thousands of hectares			
Grains	7,873	7,872	7,848	99.7
Oleaginous	347	205	336	163.9
Potatoes	2,426	2,441	2,344	96.0
Sugar beets	516	455	459	101.0
	Yield per square hectare			
Grains	25.1	22.0	23.4	106.4
Oleaginous	19.4	12.5	17.2	137.6
Potatoes	193	203	113	55.7
Sugar beets	293	311	226	72.7
	Crops in thousands of tons			
Grains	19,785	17,341	18,335	105.7
Oleaginous	672	257	579	225.1
Potatoes	46,830	49,572	26,394	53.2
Sugar beets	15,152	14,154	10,370	73.3

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a/ Annual averages

b/ Preliminary data

Differences Between Grain Crops obtained in the years 1979 and 1980

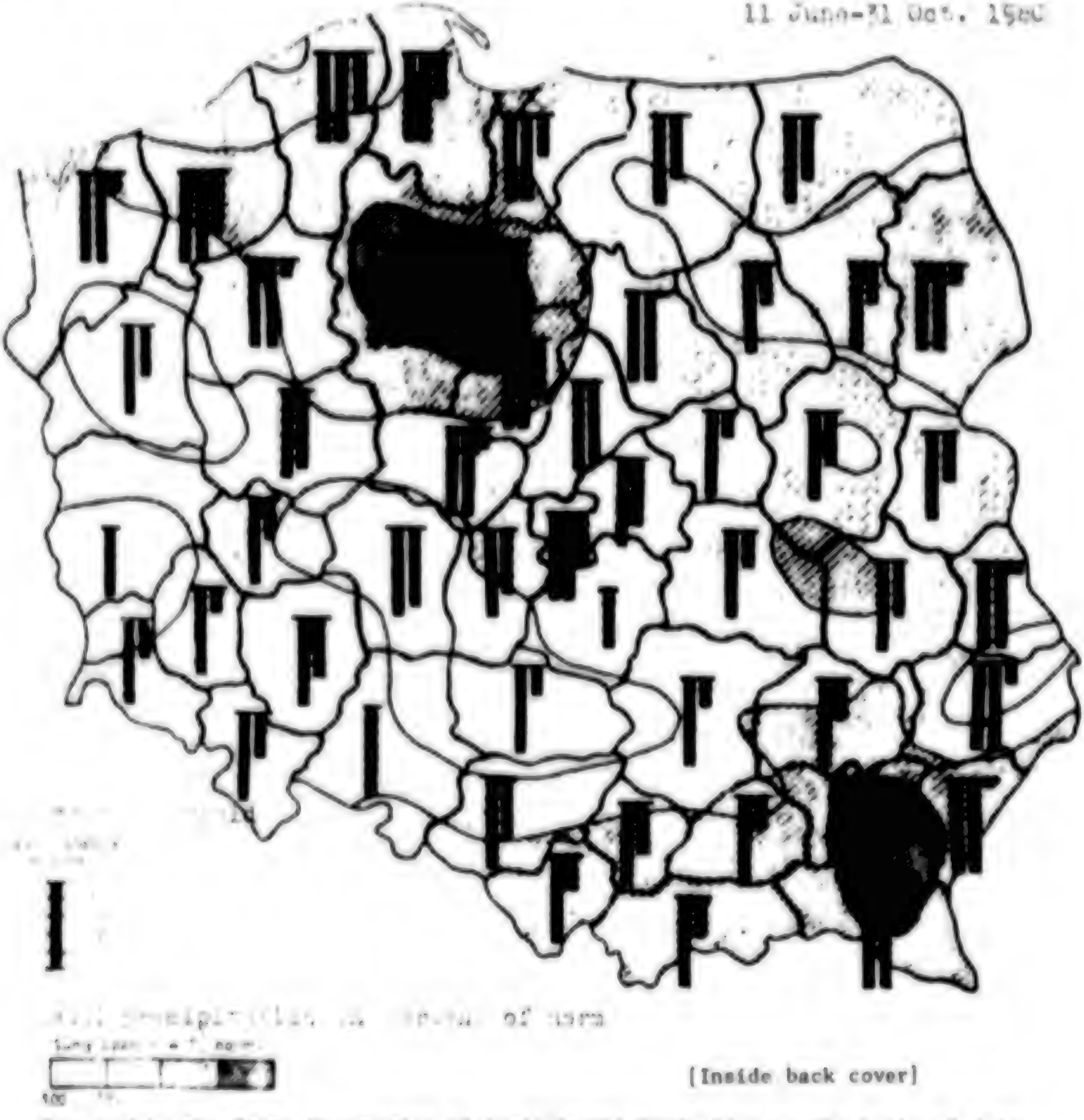
Range of size of changes in thousands of tons	No of voivodships	Voivodships
		Increase in crops
do 20.0	12	Slupsk, Pozan, Jelenia Gora, Bielsko, Krakow city, Tarnow, Wroclaw, Gorzow, Lublin, Lodeity Katowice, Olstyn
20, 1-40.0	6	Czestochowa, Leszno, Sieradl, Legnica, Opole, Gdansk
40, 1-60.0	5	Kalisz, Tarnobrzeg, Warsaw (capital), Pila, Piotrkow
60, 1-100.0	5	Zielonagora, Suwalki, Biala Podlaska, Skierniewice, Kielce
over 100.0	6	Bialystok, Radom, Siedlce, Ciechanow, Lomza, Ostroloka
		Decrease in crops
20.0	4	Bydgoszcz, Walbrzych, Nowy Sacz, Plock
20, 1-40.0	5	Chelm, Rzeszow, Konin, Przemysl, Krosno
over 40.0	6	Szczecin, Koszalin, Elblag, Wloclawek, Zamosc, Torun

[Inside front cover]

[illegible]

SPADKI PLONÓW ZIEMNIAKÓW (1980 - 1979)
na tle sum opadów w okresie 11. VI. - 31. X. 1980 r.

against the background of total precipitation in the period from
11 June-31 Oct. 1980



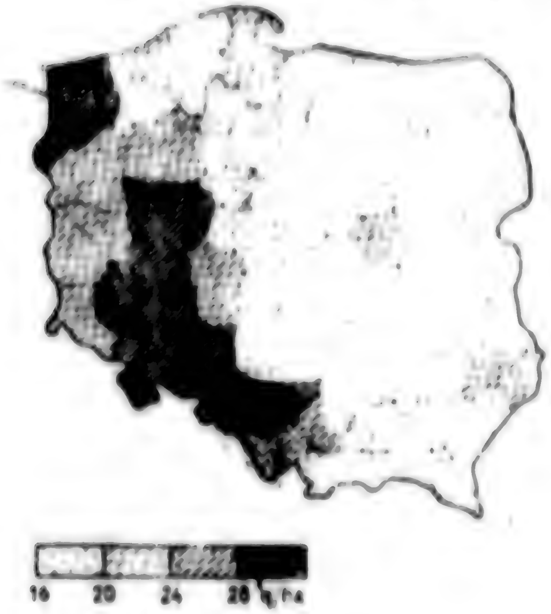
[Inside back cover]

Prepared by the State Inspection of Agricultural Production on the basis of data from MONTHLY AGRO-METEOROLOGICAL REVIEW of the Institute of Meteorology and Water Management (IMGW) Nos 7, 8, 9 and IMGW Nos 17, 18, 28, 29, 30; 1980 Bulletin

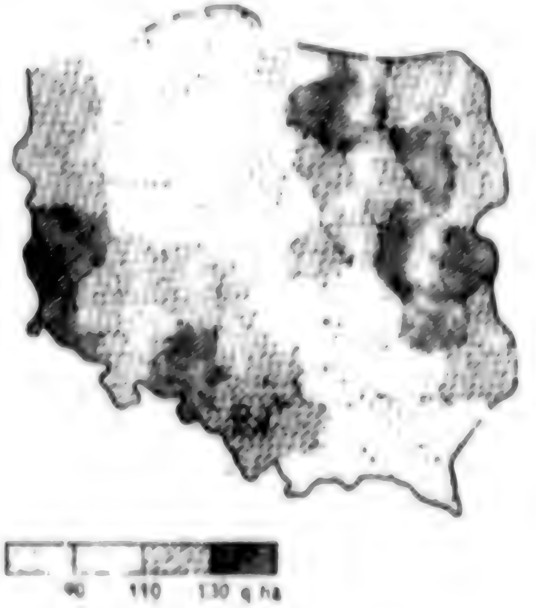
YIELD IN 1980 (estimate of results)

PLONY W 1980 R. (wynikowy szacunek)

ZBOŻA GRAINS

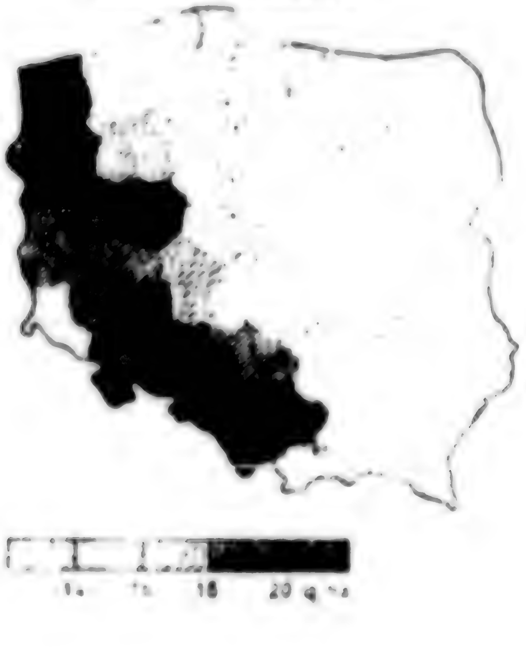


ZIEMNIAKI POTATOES



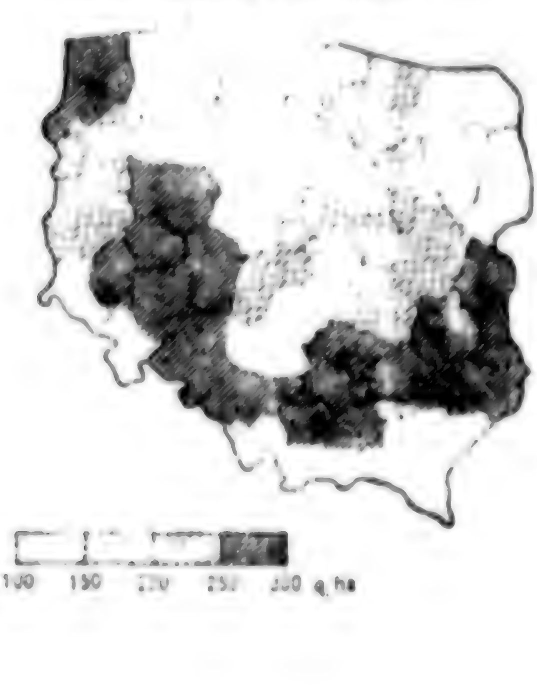
OLEAGINOUS CROPS

ROŚLINY OLEISTE



SUGAR BEETS

BURAKI CUKROWE



[Back Cover]
9577
CSO: 2600/151

OPERATION OF PENSION SYSTEM DISCUSSED

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 12 Jan 81 pp 22-24

[Unsigned article: "A New Old Law"]

[Excerpt] After two commissions had worked for 5 years on the new system of old-age and disability insurance, the working text of the preliminary draft of the Law on Basic Rights Under Old-Age and Disability Insurance was completed in late 1980. This was the occasion for a number of meetings at the highest level and in various forums where final judgments were made on the preliminary draft. Even before it was finished, however, it was common knowledge and this has now been made evident as the point of departure of this sixth reworking of the federal law in the last few years: the law may be changed in the sense of supplements or omission of certain provisions. But the change of the system ordered by the Social Plan for Development of the SFRY in the Period 1976-1980 and defined previously to that as an inevitability in the further self-management transformation of society, is not under way.

Locating the Boundaries of Government Influence

"We must identify and define a conception of the pension system that conforms to the arrangements set forth in the constitution and the Law on Associated Labor," said Dr Miodrag Zecevic, chairman of the commission for the new pension system, in a meeting of the Federal Social Council for Affairs of the Social System, at which an imposing number of persons interested in the fate and ultimate point of departure of the ill-starred system were gathered in late December. "The commission took as its point of departure the requirement that old-age and disability insurance are a part of associated labor and that its scope and the worker's social security depend on his participation in creating the income of society. Which means that the scope of the worker's socioeconomic security depends on the contribution which he has made through his present and past labor to the creation of income, and not on government policy. As for the present pension system, it should be said that we have a rather modern old-age and disability system, but it is detached in a way from relations based on income, from the worker's contribution to the creation of income, from relations in associated labor, and is actually oriented more toward the government than toward associated labor.... I think that old-age and disability insurance depends more on the policy conducted by the government through the SIZ's [self-managed communities of interest] than on ties with associated labor, since it is not integrated with the developments and relations and processes in associated labor."

Where are the boundaries of government influence in old-age insurance? In principle there are no such limits. The entire system that now exists is still a reflection in every respect of government concern about recipients of old-age, survivor and disability pensions. All the rights are more or less strictly set forth in laws, and the policy toward pensions is a direct reflection of discussion and agreement within forums. After all, aside from the rights as set forth, there is little else that can be decided on, nor can those rights be seriously altered. That is why there have been so many changes of the law in this field in recent years. It is possible to alter the living processes of social transformation in such a strictly structured system only by altering the forms given them in law. The republics have also followed the logic of this kind of system, and the republic laws (with the exception of the law in Slovenia) have by and large set forth strict rules of behavior within which, by the very nature of things, there can be no serious discussion and agreement.

Meditations on the topic of the influence of government power on the old-age and disability system also have an aspect that is altogether practical. In recent years it has been manifested in a number of phenomena which on the one hand have been a serious burden on the economy and on the other have been creating an increasingly numerous army of impoverished pension recipients. That is, more than half of the approximately 1.6 million pensioners have an income of 3,500 dinars.

Granting of Pensions as a Way Out

It is obvious that the government has been attempting to use the pension system to resolve even those problems which cannot be solved by that means or to mitigate the consequences of the problems themselves. The inadequate number of new jobs, for example, as a consequence of the economy's declining capacity for capital formation, has been accompanied not only by a legal requirement as to the hiring of trainees, but also by provisions on mandatory retirement at a certain age. In the numerous debates that took place slightly more than 10 years ago when this new feature was incorporated into the Law on Old-Age and Disability Insurance the crucial argument for its introduction was that "old people should make room for the young people." The same number of years later it was established that the growth rate of employment has continued to drop, that is, that it will be increasingly difficult for young people to find a job, and that the law has forced the economy to do without a number of eminent specialists whose work experience and accumulated knowledge cannot be replaced either by the strength of youth or the enthusiasm of having found employment. Only in Slovenia have they incorporated the possibility of remaining in a job "according to the needs of the organization of associated labor."

There have been five bills to amend the Law on Old-Age and Disability Insurance before this sixth one in which the commission clearly states its feeling that the system should be safeguarded against this kind of government concern and that it should be left to associated labor to decide whether a particular worker needs to remain on the job even after the "official" retirement age.

It would, of course, be unfair to say that this has been the only burden on old-age and disability insurance funds, especially the latter.

The disability pension has been the key that opened the door to pensions for workers made redundant by technological change, efforts to raise productivity and in general the problems that have arisen as a consequence of imperfect elements of the economic system adopted to implement production policy.

Disability pensions, which incidentally represent one-third of the total number of pensions, are slowly passing old-age pensions with respect to their rate of growth. In recent years the deceptive national average indicated the same growth rate of old-age and disability pensions (3.2 percent). In the breakdown by republics there has been an actual boom, as in the case of Serbia, where disability pensions have been increasing at a rate of 12.4 percent. The race between disability and old-age pensions will in coming years turn again to the advantage of old-age pensions because of the onset of the demographic wave of old-age pensioners, but this will only bring about a corresponding increase in the percentage of new pensioners.

Since the national income has not been growing or has been growing at a slower rate, a correspondingly larger portion of it will have to be set aside for pensions. It is worth pointing out, for example, that between 1976 and 1979 the work force grew 14 percent, the number of insured members of the work force 12.6 percent, and the number of new pension recipients 13.9 percent. That necessitated an ever larger share of expenditures for old-age and disability insurance in the national income.

Expenditures for Disability and Old-Age Insurance in the National Income in the Period 1973-1979

	1973	1975	1977	1979
Expenditures, millions of dinars	21,365	35,802	56,438	88,580
Share in the national income, %	9.68	9.41	10.10	10.40

At the same time the number of pensioners receiving pensions smaller than 4,000 dinars has also been growing. As a rule disability pension recipients comprise the largest group among those receiving small pensions. In Serbia, where there was an actual boom in the growth of disability pensions, nearly half of the recipients have benefits under 3,000 dinars, and three-fourths are under 4,000 dinars. At the same time, with a 24.8-percent overall growth in disability pensions between 1973 and 1979, Serbia is only slightly above the growth rate in the other republics.

The growth of disability pension recipients over that same period in Montenegro was 23.4 percent, in Slovenia it was 23 percent, in Bosnia-Hercegovina 21.7 percent, in Vojvodina 21.6 percent, in Croatia 19.7 percent, and in Kosovo 19.3 percent.

Total expenditures for old-age and disability insurance between 1973 and 1979 show a high average growth rate of about 27 percent, and for years they have exceeded the growth of revenues. Even though the rates of contributions have risen steadily, this has put pension insurance treasuries in the republics and provinces in an ever worse financial position. For example, between 1973 and 1978 the rates of contributions increased on the average from 12.4 to 13.6 percent. However, over that same period the resources collected on the basis of those rates were unable to cover the ever larger expenditure, and the financial results of the insurance communities show a decline. The resources collected on the basis of contributions and revenues from sociopolitical communities were sufficient to cover obligations only in 1974. That is, up until 1972 the share of reserves and working capital averaged 28-34 percent of total annual expenditures for the entire country, which made it possible for the insurance communities to keep their finances up to date. Since 1973 the reserve funds have diminished appreciably, and this has led to the use of bank credit if pensions were to be paid on time. The short terms of the loans and the high rates of interest have tended to diminish the share of the reserve funds and working capital in the total annual expenditures in most republics and provinces.

Share of Reserves and Working Capital in Annual Expenditures of Old-Age and Disability Insurance Communities, in percentage

Community	1973	1975	1977	1978
Bosnia-Hercegovina	12.1	11.2	5.4	5.4
Montenegro	7.1	5.4	4.0	1.8
Croatia	23.6	24.2	17.5	22.4
Macedonia	21.5	18.3	22.8	24.3
Slovenia	5.4	7.0	12.8	10.0
Serbia	17.7	16.4	16.0	14.1
Kosovo	30.3	20.5	13.9	12.8
Vojvodina	22.1	22.0	7.9	4.3
Total	17.3	16.9	13.9	13.0

In 1979 reserves were sufficient to cover regular payment of pension benefits only in Croatia and Serbia, which is in fact where their share is largest: 4,320 million dinars in Croatia and 1,051 million in Serbia, out of the total of 6,790 million dinars of total reserves in all republic and provincial funds. Montenegro and Vojvodina, for example, did not have a single dinar of reserves in 1979, and they have constantly been using short-term credit on unfavorable terms.

On several occasions this has resulted in delays in the payment of benefits, which in view of the large number of small pensions has seriously shaken the existential security of pension recipients.

How About the Veterans

In his presentation of the preliminary draft of the Law on Basic Rights Under Old-Age and Disability Insurance Dr Zecevic specifically took up the problems of paying veterans' pensions. For example, there is a problem of which category of veterans should be provided protection at the federal level. At present the position remains that they are to be only veterans who have the status of workers in associated labor. However, under the Law on Associated Labor, if private farmers are members of an association, they have the status of workers in associated labor, and thus these associated farmers, if they are veterans, would also receive their benefits from the federal treasury. Yet this is by no means as serious a problem as the fact that up to now the republics and provinces have defined the conditions and extent of veterans' protection, while the Federation has furnished the funds. In essence this is like an open account in which there is a constant increase in the funds needed because the influx of new veterans has continued at a steady pace. The presentation in the Federal Council for Affairs of the Social System even stated that there are indications that these funds are even being spent for other purposes. And the appropriations are large. According to figures for 1979, the monthly expenditure per veteran from the federal fund was 2,600 dinars in Bosnia-Hercegovina, 2,700 dinars in Montenegro, 2,500 dinars in Croatia, 2,800 dinars in Macedonia, 2,400 dinars in Slovenia, 1,900 dinars in Serbia, 2,640 dinars in Vojvodina and 2,180 dinars in Kosovo. Proposals have been made for further broadening of the rights and scope of recipients of veterans' pensions. In its working papers on the fundamental issues of the system of old-age and disability insurance the commission cautiously advised "that the basic rights of veterans and also the definition of who is regarded as a veteran ought not to be broadened."

What, then, have the changes in the proposed new "system" come down to?

Proposed Innovations

The preliminary draft proposes five amendments and supplements to the existing system. According to the first, the density of pensionable service should be abolished as a qualifying condition for a pension [literal translation]. That is, up to now a specified number of years of pensionable service plus a certain age were necessary to qualify for certain types of pensions. (To qualify for an old-age pension a worker had not only to reach pensionable age, but also to have worked 20 or 15 years; for a disability pension a worker had to have worked one-third of the total length of service required for an old-age pension; for a survivor's pension, if the deceased insured had less than 20 years of pensionable service, but had been insured for 5 years and had 10 years of pensionable service, and so on.) The second of the proposed amendments is more favorable conditions for working mothers to qualify for old-age pensions. According to this version 1 year would be deducted from the required length of pensionable service for one child, 2 years for two, 3 for three or more children.

Recognition of the right of a common-law spouse to a survivor's pension, as a kind of consequence of equal treatment of legitimate and common-law marriages in the Law on Marriage, is the next innovation, and also the one which has the most painless material impact. Yet the two most important innovations are those pertaining to recognition of the income included in the pensionable base for the last year of insurance and indexing pensions to the rise of personal incomes during the year.

Estimated Growth of Expenditures for Old-Age and Disability Benefits in 1979 Under the Proposed Changes in the Law on Old-Age and Disability Insurance

Republic--Province	In Millions of Dinars	Share in Total Expenditures, %
Bosnia-Hercegovina	2,348.29	24.47
Montenegro	555.60	20.79
Croatia	6,885.96	26.56
Macedonia	939.95	25.08
Slovenia	4,878.95	33.06
Serbia	5,586.85	26.25
Kosovo	406.70	22.04
Vojvodina	2,299.19	26.25
SFRY	23,901.49	26.98

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